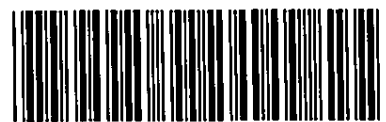


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008
FOR
ASHFLAME PROPERTIES LIMITED**

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ASHFLAME PROPERTIES LIMITED

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ASHFLAME PROPERTIES LIMITED

COMPANY INFORMATION **for the year ended 31 March 2008**

DIRECTORS: A C Gallagher
G H Gosling

SECRETARY: S A Burnett

REGISTERED OFFICE: 15 Hockley Court
Stratford Road
Hockley Heath
Solihull
West Midlands
B94 6NW

REGISTERED NUMBER: 2869019 (England and Wales)

**INDEPENDENT
AUDITORS** PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

ASHFLAME PROPERTIES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2008

The directors present their report and the audited financial statements of the company and the group for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

The principal activity of the company and the group in the year under review was that of property investment.

REVIEW OF BUSINESS

The results for the year and financial position of the group and company are as shown in the annexed financial statements.

The objective of the group is to maximise total returns from its property and investment business.

In common with similar businesses, the group is subject to movements in yields in the UK property market and to the risk that tenants will cease trading. The carrying value of the group's freehold investment properties were reviewed in accordance with the group's policy at 31 March 2008 and as a result the value of the freehold investment property held by two of its subsidiaries were reduced by £3.6 million below cost. The directors believe that this is a temporary diminution in value and expect the value to increase above cost over the medium term as the yield gap between property yields and interest rates (which is currently extremely high as a result of the current economic climate) reduces towards the historic norm.

Given the nature of the business as disclosed in these financial statements, where maximising rental income and the capital value of its investment property represents the key objectives, the company's directors are of the opinion that analysis using additional KPI's is not necessary for understanding performance or position of the business.

The directors consider the results for the year, the year end financial position and future prospects to be satisfactory.

DIVIDENDS

No dividends have been paid or are proposed for the year ended 31 March 2008 (2007: £Nil).

DIRECTORS

The directors during the year under review were:

A C Gallagher
G H Gosling

The beneficial interests of the directors holding office on 31 March 2008 in the issued share capital of the company were as follows:

	31.3.08	31.3.07
Ordinary £1 shares		
A C Gallagher	16,250	16,250
G H Gosling	-	-

DONATIONS

£3,000 was donated to a local Conservative Party Association during the year (2007: £nil).

ASHFLAME PROPERTIES LIMITED

REPORT OF THE DIRECTORS (continued) for the year ended 31 March 2008

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include the effects of credit, liquidity and interest rate risks. The directors actively monitor these risks and the potential costs.

The credit rating of property tenants is regularly assessed and changes in the risk profile are managed.

In order to manage liquidity the group finances property assets through term bank loans. These are arranged with major national banks and the agreements result in them maturing in up to 7 years over a range of repayment dates.

The group utilises a mixture of bank and related party funding designed to ensure it has sufficient working capital available. Floating interest rates are reviewed and swapped for fixed rates where appropriate to reduce exposure to adverse interest rate fluctuations.

POST BALANCE SHEET EVENT

Due to adverse market conditions in the property sector, the directors believe that the value of the investment properties held by the group has fallen 10 – 15% since the balance sheet date.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

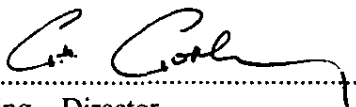
ASHFLAME PROPERTIES LIMITED

**REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2008**

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G H Gosling', is written over a horizontal dotted line.

G H Gosling – Director

28 January 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHFLAME PROPERTIES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Ashflame Properties Limited for the year ended 31 March 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated note of Historical Cost Profits and Losses, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

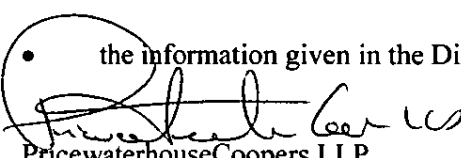
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

29 January 2009

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2008

	Notes	31.3.08 £	31.3.07 £
TURNOVER	2	8,871,520	5,913,824
Less share of turnover of joint ventures and associates	9	<u>(5,758,612)</u>	<u>(4,154,932)</u>
GROUP TURNOVER	2	3,112,908	1,758,892
Cost of sales		<u>(514,118)</u>	<u>(145,552)</u>
GROSS PROFIT		2,598,790	1,613,340
Administrative expenses		<u>(491,302)</u>	<u>(1,341,592)</u>
OPERATING PROFIT	2, 4	2,107,488	271,748
Share of operating profit in joint ventures and associates	9	5,409,508	3,795,225
Share of profit on disposal of joint venture/ associates fixed assets		775,781	1,007,174
Share of waiver of inter company loan in associate		-	853,313
Profit/(loss) on disposal of tangible fixed assets		-	4,709,500
Net income from fixed asset investments		74,840	88,391
Net income from current asset investments		74,206	103,524
Interest receivable and similar income	5	<u>1,574,638</u>	<u>941,404</u>
		10,016,461	11,770,279
Interest payable and similar charges	6	<u>(10,684,943)</u>	<u>(6,844,944)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(668,482)	4,925,335
Tax on loss on ordinary activities	7	<u>254,494</u>	<u>(658,607)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION	15	<u>(413,988)</u>	<u>4,266,728</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008**

	31.3.08 £	31.3.07 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(413,988)	4,266,728
Reduction on revaluation of the Investment property (note 8)	(8,894,597)	5,728,614
Share of reduction on revaluation of Investment property in joint ventures	(8,581,415)	6,236,377
Share of reduction on revaluation of investment property in associates	<u>(356,010)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(18,246,010)</u>	<u>16,231,719</u>

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES

	31.3.08 £	31.3.07 £
Reported (loss)/profit on ordinary activities before taxation	(668,482)	4,925,335
Realisation of property revaluation gains in associates	<u>-</u>	<u>391,673</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(668,482)</u>	<u>5,317,008</u>
Historical cost (loss)/profit for the year retained after taxation	<u>(413,988)</u>	<u>4,658,401</u>

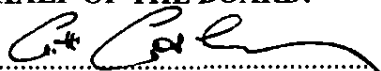
The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET 31 March 2008

	Notes	£	31.3.08 £	£	31.3.07 £
FIXED ASSETS					
Tangible assets	8		75,266,597		74,045,128
Investments – in joint ventures	9				
Share of gross assets		127,854,690		137,027,285	
Share of gross liabilities		(99,727,435)		(100,216,693)	
			28,127,255		36,810,592
Investment in associates	9		4,558,049		5,100,120
Investments – other	9		1,644,196		715,905
Negative goodwill	10		-		(499,515)
			<u>109,596,097</u>		<u>116,172,230</u>
CURRENT ASSETS					
Debtors: amounts falling due within one year	11		6,979,427		16,322,245
Debtors: amounts falling due after one year	11		10,772,956		12,148,378
Cash at bank			<u>1,620,370</u>		<u>1,243,212</u>
			19,372,753		29,713,835
CREDITORS					
Amounts falling due within one year	12		<u>(28,442,685)</u>		<u>(29,908,390)</u>
NET CURRENT LIABILITIES					
			<u>(9,069,932)</u>		<u>(194,555)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			100,526,165		115,977,675
CREDITORS					
Amounts falling due after one year	13		<u>(44,753,500)</u>		<u>(41,959,000)</u>
NET ASSETS					
			<u>55,772,665</u>		<u>74,018,675</u>
CAPITAL AND RESERVES					
Called up share capital	14		16,250		16,250
Revaluation reserve	15		26,822,720		44,654,742
Profit and loss account	15		<u>28,933,695</u>		<u>29,347,683</u>
EQUITY SHAREHOLDERS' FUNDS					
	17		<u>55,772,665</u>		<u>74,018,675</u>

ON BEHALF OF THE BOARD:



G H Gosling - Director

Approved by the Board on 28 January 2009

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

COMPANY BALANCE SHEET 31 March 2008

	Notes	31.3.08 £	31.3.07 £
FIXED ASSETS			
Tangible assets	8	1,257,256	1,273,582
Investments	9	<u>10,333,295</u>	<u>12,307,112</u>
		<u>11,590,551</u>	<u>13,580,694</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	16,136,117	22,061,431
Debtors: amounts falling due after one year	11	18,234,711	15,450,104
Cash at bank		<u>-</u>	<u>959</u>
		34,370,828	37,512,494
CREDITORS			
Amounts falling due within one year	12	<u>(14,023,460)</u>	<u>(18,096,953)</u>
NET CURRENT ASSETS		<u>20,347,368</u>	<u>19,415,541</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,937,919</u>	<u>32,996,235</u>
CAPITAL AND RESERVES			
Called up share capital	14	16,250	16,250
Revaluation reserve	15	3,113,142	5,276,034
Profit and loss account	15	<u>28,808,527</u>	<u>27,703,951</u>
EQUITY SHAREHOLDERS' FUNDS		<u>31,937,919</u>	<u>32,996,235</u>

ON BEHALF OF THE BOARD:



G H Gosling - Director

Approved by the Board on 28 January 2009

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2008**

	Cash flow Notes	31.3.08 £	31.3.07 £
Net cash outflow from operating activities	1	(590,822)	(5,049,376)
Dividends received from joint ventures and associates		165,000	-
Returns on investments and servicing of finance	2	(2,997,446)	(1,066,487)
Taxation		(861)	(154,400)
Capital expenditure and financial investment	2	(15,620,262)	(8,695,009)
Acquisitions and disposals	2	-	3,289,805
Net cash outflow before financing		(19,044,391)	(11,675,467)
Financing	2	19,347,343	4,807,185
Management of liquid resources	2	74,206	825,057
Increase/(decrease) in cash in the year		<u>377,158</u>	<u>(6,043,225)</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2008

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.08 £	31.3.07 £
Operating profit	2,107,488	271,748
Depreciation	4,476	5,674
Decrease/(increase) in debtors	1,187,766	(721,129)
Decrease in creditors	<u>(3,890,552)</u>	<u>(4,605,669)</u>
Net cash outflow from operating activities	<u>(590,822)</u>	<u>(5,049,376)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.08 £	31.3.07 £
Returns on investments and servicing of finance		
Interest received	1,574,638	941,404
Interest paid	(4,646,924)	(2,057,180)
Dividends received	74,840	88,391
Gains and losses on contracts for differences	-	-
Issue costs of new loans	<u>-</u>	<u>(39,102)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(2,997,446)</u>	<u>(1,066,487)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(16,132,392)	(45,518,804)
Purchase of fixed asset investments	(928,291)	-
Proceeds from sale of fixed assets	-	29,000,000
Increase in loans from joint ventures	<u>1,440,421</u>	<u>7,823,795</u>
Net cash outflow for capital expenditure and financial investment	<u>(15,620,262)</u>	<u>(8,695,009)</u>
Acquisitions and disposals		
Purchase of businesses	-	(1,269,004)
Net cash acquired with acquisitions	<u>-</u>	<u>4,558,809</u>
Net cash inflow for acquisitions and disposals	<u>-</u>	<u>3,289,805</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2008

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

	31.3.08 £	31.3.07 £
Financing		
Bank loans advanced	11,152,000	17,359,000
(Decrease)/increase in loans (to)/from related parties	<u>8,195,343</u>	<u>(12,551,815)</u>
Net cash inflow from financing	<u>19,347,343</u>	<u>4,807,185</u>
Management of liquid resources		
Purchase of current asset investments	-	(131,596)
Proceeds from sale of current asset investments	<u>74,206</u>	<u>956,653</u>
Net cash inflow from liquid resources	<u>74,206</u>	<u>825,057</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.07 £	Cash flow £	At 31.3.08 £
Cash at bank	1,243,212	377,158	1,620,370
Related party loans	<u>14,175,882</u>	<u>(8,195,343)</u>	<u>5,980,539</u>
	15,419,094	(7,818,185)	7,600,909
Debts:			
Bank loans	<u>(47,559,000)</u>	<u>(11,152,000)</u>	<u>(58,711,000)</u>
Net debt	<u>(32,139,906)</u>	<u>(18,970,185)</u>	<u>(51,110,091)</u>

4. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31.3.08 £	31.3.07 £
Increase/(decrease) in cash	377,158	(6,043,225)
Cash (inflow)/outflow from (decrease)/increase in related party loans	(8,195,343)	12,551,815
Decrease in current asset investments	-	(721,533)
Cash inflow from increase in debt	<u>(11,152,000)</u>	<u>(17,359,000)</u>
	(18,970,185)	(11,571,943)
Debt acquired	<u>-</u>	<u>(19,000,000)</u>
Movement in net debt	(18,970,185)	(30,571,943)
Net debt at start of year	<u>(32,139,906)</u>	<u>(1,567,963)</u>
Net debt at end of year	<u>(51,110,091)</u>	<u>(32,139,906)</u>

The notes form part of these financial statements

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2008

1. ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Consolidation

The group accounts include the accounts of the company and its subsidiary undertakings which are all made up to 31 March 2008. Intra-group sales, profits and balances are eliminated on consolidation. In accordance with the exemption in FRS 8, transactions and balances with subsidiaries which are eliminated on consolidation have not been disclosed.

Goodwill

The acquisition method of accounting is adopted with the goodwill arising on purchase being capitalised. Goodwill is amortised over its estimated economic life not exceeding 15 years. Negative goodwill is amortised in accordance with the realisation of the non-monetary assets to which it relates.

Joint ventures and associates

Where the Group has an interest in a joint venture (companies and partnerships), its equity share of gross assets and liabilities is included in the balance sheet and the share of turnover and operating profit or loss included in results under the gross equity method.

Where the group has an interest in an associate its equity share of net assets is included in the balance sheet and the share of turnover and operating profit or loss included in results under the equity method.

Profits arising on transactions between joint ventures/associates and the group are not recognised until they are realised by a third party sale.

Limited Liability Partnerships

Where the company has an interest in a limited liability partnership, the company's share of the limited liability partnership's net profit is accounted for using the equity method. Its share of profit following acquisition is taken to the profit and loss account with a corresponding increase in the investment. This profit is not considered to be a distributable reserve until cash is received from the limited liability partnership. Tax arising on the share of the limited liability partnership's profits is borne directly by the members and is therefore accounted for in the company.

Turnover

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive to enter into a lease by way of a payment, the incentive is treated as a reduction in rental income. The incentive is amortised on a straight-line basis over the period from term commencement to the date of the first rent review, in accordance with UITF 28. Where an incentive is given to a tenant by way of a rent free period, the total rental income receivable for the period to the first rent review is recognised on a straight-line basis from term commencement to the date of the first rent review, in accordance with UITF 28.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

Cost of sales

Cost of sales includes expenses relating to the servicing of property and collection of rental income together with the associated cost of land sales.

Investment properties

Until investment properties are complete they are included in the accounts at cost. Once completed, open market valuations are applied. These are performed on a 3-year cycle subject to the reflection in the accounts of any sustained revaluation and any effect resulting from an annual impairment review.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot reasonably be separately identified or quantified.

In accordance with SSAP 19, where a property valuation at the balance sheet date is less than the historic cost and the directors believe that the decline in value is temporary, then the reduction in value is taken as a deficit on revaluation reserve and is not charged to the profit and loss account.

Investments

Fixed asset investments are recorded at cost less any permanent impairment in value.

Current asset investments include deposits made in respect of Contracts for Differences where the full economic interest in equities is held but only a proportional margin is funded. These have been accounted for as derivatives with the cost of the derivatives expensed as incurred and the gain or loss on closing the contracts recognised on settlement. Any inherent losses at the balance sheet date which do not reverse before settlement are provided for. The financing costs inherent in Contracts for Differences are included in other interest payable.

Deferred tax

Full provision is made on a non discounted basis for deferred tax assets and liabilities arising due to timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation at the current rate of tax. Deferred tax assets are recognised if their utilisation is considered more likely than not. Deferred tax is not provided on the revaluation of investment property unless there is a binding commitment to sell the asset.

Amortisation of loan issue costs

Costs incurred in respect of obtaining loan finance are included in other debtors and the costs are amortised over the period of repayment of the loan in proportion to the outstanding loan.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

Going concern

The financial statements have been prepared on a going concern basis as the company has received confirmation of financial support from Countywide Developments Limited, a related company under common control. The directors have reviewed the funding position of the Ashflame Group of companies, and the Countywide group of companies (collectively 'the groups'), and have concluded that it is appropriate to prepare the financial statements of the Ashflame Group of companies, and hence this company, on a going concern basis.

In evaluating the groups, (and the companies within the groups) and their ability to continue as a going concern, the directors have considered the cash flows for the groups arising from operations, investment and financing activities. In the ordinary course of business there are approximately £62m of loans which are due to be refinanced across the groups over the next 12 months from the date of these accounts. In general, the market in which the groups are operating is currently subject to considerable change. The market has seen the costs associated with raising finance increasing and in some instances the availability of finance has become constrained. However, the directors are confident, based on information available to them, that the loans will be renewed on acceptable terms to the groups. While there are a range of uncertainties which the companies and groups are required to manage, the directors believe that the position of the groups is strong and the directors will be able to manage the position satisfactorily.

2. TURNOVER AND OPERATING PROFIT

All turnover and operating profit arises from continuing operations in the year ended 31 March 2008.

3. STAFF COSTS

There were no direct staff costs for the year ended 31 March 2008. However, £278,000 (2007: £862,000) was charged to the company by J J Gallagher Limited for the service of individuals who had performed work on behalf of Ashflame Properties Limited. J J Gallagher Limited is a company controlled by Mr A C Gallagher.

The average monthly number of employees during the year was as follows:

	31.3.08	31.3.07
Directors	<u>2</u>	<u>2</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.3.08 £	31.3.07 £
Depreciation - owned assets	<u>4,476</u>	<u>5,674</u>
Directors' emoluments	<u>-</u>	<u>-</u>
Foreign exchange gain	<u>(186,574)</u>	<u>-</u>
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company's financial statements	16,000	15,000
Fees payable to the Company's auditors for other services:		
The audit of subsidiaries, pursuant to legislation	6,000	6,000
Taxation services	<u>73,574</u>	<u>47,471</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.08 £	31.3.07 £
Bank interest	95,496	343,805
Other interest	130,748	266,454
Interest receivable from related parties	1,348,394	331,145
	<u>1,574,638</u>	<u>941,404</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.08 £	31.3.07 £
Share of joint ventures' interest	5,509,453	4,354,950
Share of associates' interest	528,566	393,712
Bank interest	3,529,537	2,031,552
Interest payable to related parties	960,558	10,160
Other interest	15,616	1,564
Amortisation of loan issue costs	141,213	53,006
	<u>10,684,943</u>	<u>6,844,944</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

7. TAXATION

Analysis of the tax charge/(credit):

	31.3.08	31.3.07
	£	£
Current tax:		
Share of joint ventures' current taxation	-	(10,035)
Share of associates' tax	11,453	377,319
Corporation tax	<u>75</u>	<u>787</u>
Total current tax	11,528	368,071
Deferred tax:		
Share of joint ventures' deferred taxation	(277,312)	933
Origination and reversal of timing differences	(68,828)	289,603
Prior year adjustment	58,152	-
Change in tax rate from 30% to 28%	<u>21,966</u>	<u>-</u>
Total deferred tax	<u>(266,022)</u>	<u>290,536</u>
Tax on loss on ordinary activities	<u>(254,494)</u>	<u>658,607</u>

The current corporation tax credit differs from the standard UK corporation tax rate of 30% applied to the result for the year. The differences are:

	31.3.08	31.3.07
	£	£
(Loss)/profit for the year at 30%	(200,545)	1,477,600
Expenses not deductible	140,163	106,176
Non taxable income	(22,452)	(26,518)
Capital allowances in excess of depreciation	(41,260)	(14,138)
Industrial buildings allowance	(8,654)	-
Capital loss utilised	-	(924,395)
Capital transactions	(73,363)	32,194
Tax losses carried forward/(utilised)	14,785	(329,686)
Prior year adjustment	75	-
Joint ventures' and associates effective tax less than 30%	-	46,838
Joint ventures' losses carried forward	<u>202,779</u>	<u>-</u>
Current tax charge	<u>11,528</u>	<u>368,071</u>

The standard rate of UK corporation tax changed to 28% with effect from 1 April 2008 and will apply to future tax charges.

The amount of tax on the capital gain which would become payable in the event of sale of the group and joint venture investment properties at the revalued amount is in the region of £1,440,000 at 30% (2007: £3,700,000). No deferred tax provision has been made for this as there is no commitment to sell the properties. Corporation tax is expected to arise at 28% from April 2008 following the enactment of a change in rate from 30% to 28%.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

8. TANGIBLE FIXED ASSETS

GROUP	Freehold Investment Properties £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 April 2007	73,810,456	252,892	74,063,348
Additions	10,132,392	-	10,132,392
Revaluation	(8,894,597)	-	(8,894,597)
Disposals	(11,850)	-	(11,850)
At 31 March 2008	75,036,401	252,892	75,289,293
DEPRECIATION			
At 1 April 2007	-	(18,220)	(18,220)
Charge for year	-	(4,476)	(4,476)
At 31 March 2008	-	(22,696)	(22,696)
NET BOOK VALUE			
At 31 March 2008	75,036,401	230,196	75,266,597
At 31 March 2007	73,810,456	234,672	74,045,128

The carrying values of fixed asset properties were reviewed in accordance with the accounting policy and a revaluation of certain investment properties was undertaken on an open market basis as at 31 March 2008 by a director having regard to current and expected future yields. The carrying value of other fixed asset investment properties was reviewed by the group's directors in accordance with the group's accounting policy.

Due to adverse market conditions, the directors consider that the value of the investment properties held has fallen a further 10 – 15% since the balance sheet date. The directors consider this to be a temporary diminution in value and expect the value to increase above the cost over the medium term.

The historic cost of freehold investment property is £78,214,234 (2007:£68,081,842). Freehold investment properties are held for letting.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

8. TANGIBLE FIXED ASSETS (continued)

COMPANY	Freehold Investment Property £	Fixtures and fittings £	Totals £
COST			
At 1 April 2007	1,038,910	252,892	1,291,802
Disposals	<u>(11,850)</u>	<u>-</u>	<u>(11,850)</u>
At 31 March 2008	<u>1,027,060</u>	<u>252,892</u>	<u>1,279,952</u>
DEPRECIATION			
At 1 April 2007	-	(18,220)	(18,220)
Charge for year	<u>-</u>	<u>(4,476)</u>	<u>(4,476)</u>
At 31 March 2008	<u>-</u>	<u>(22,696)</u>	<u>(22,696)</u>
NET BOOK VALUE			
At 31 March 2008	<u>1,027,060</u>	<u>230,196</u>	<u>1,257,256</u>
At 31 March 2007	<u>1,038,910</u>	<u>234,672</u>	<u>1,273,582</u>

The freehold investment property is held for letting.

9. FIXED ASSET INVESTMENTS

Investments in group undertakings

The group owned 100% interests in the following property investment subsidiaries at 31 March 2008 all of which were incorporated in England and Wales (except WPI (No. 2 Limited which is incorporated in Jersey and Ashflame Kilmarnock Limited which is incorporated in Scotland):

Company Name	Ordinary £1 shares held	Investment held by
Winnersh Property Investments Limited	2	Ashflame Properties Limited
Frome Property Investments Limited	2	Ashflame Properties Limited
EBW Property Investments Limited	2	Ashflame Properties Limited
Trowbridge Property Investments Limited	2	Ashflame Properties Limited
Stockport Property Investments Limited	2	Ashflame Properties Limited
Launceston Property Investments Limited	2	Ashflame Properties Limited
WPI (No.2) Limited	2	Winnersh Property Investments Ltd
Neath Property Investments Limited	2	Ashflame Properties Limited
Hull Property Investments Limited	2	Ashflame Properties Limited
Ashflame Kilmarnock Limited	9,999	Ashflame Properties Limited
Biddulph Property Investments Limited	2	Ashflame Properties Limited
Inverkip Street Property Investments Limited	2	Ashflame Properties Limited
Rainham Property Investments Limited	2	Ashflame Properties Limited

On 19 June 2007, the company acquired 2 shares in Biddulph Property Investments Limited from G C Longbridge Limited, a subsidiary of G C Ventures Limited.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

9. FIXED ASSET INVESTMENTS (continued)

On 1 August 2006, Ashflame Properties Limited purchased 9,998 shares in Ashflame Kilmarnock Limited which resulted in the company transferring from a joint venture to a subsidiary. On 30 June 2006, the company acquired 2 shares in Hull Property Investments Limited from J J Gallagher Limited, a company subsidiary of Gallagher UK Limited, a company controlled by Mr A C Gallagher.

The group also has a 100% interest in TLPD Limited, an investment holding company incorporated in England and Wales:

TLPD Limited	50p Ordinary stock	
	4,170,480	Ashflame Properties Limited
	50p Ordinary shares	
	829,520	Ashflame Properties Limited

The group also has a 100% interest in Ashflame Overseas Holdings Limited, an investment holding company incorporated in Malta:

Ashflame Overseas Holdings Limited	2000 €1 Ordinary shares	Ashflame Properties Limited
------------------------------------	----------------------------	-----------------------------

The group has 50% investments in the ordinary share capital of the following property investment companies all of which are incorporated in England and Wales:

Company Name	Ordinary £1 shares held	Investment held by
Islandview Properties Limited	50	Ashflame Properties Limited
Richminster Properties Limited	50	Ashflame Properties Limited
Greenock Retail Limited	1	Ashflame Properties Limited
G C Ventures Limited	1	Ashflame Properties Limited
G R (Greenock) Limited	1,250,002	Greenock Retail Limited
G R (Greenock) 1 Limited	14,000,001	G R (Greenock) Limited
G R (Greenock) 2 Limited	14,000,001	G R (Greenock) 1 Limited
Hull Retail Limited	1	Hull Property Investments Limited
Wick Property Investments Limited	1	Ashflame Properties Limited
Wick Retail Limited	1	Wick Property Investments Ltd

The group has 50% interests in the following property investment Limited Liability Partnerships all of which are incorporated in England and Wales:

Company Name	Investment held by
Edinburgh Retail LLP	EBW Property Investments Limited
Glenrothes Retail LLP	Ashflame Properties Limited
Launceston Retail LLP	Launceston Property Investments Limited
Longton Retail LLP	Launceston Property Investments Limited
Neath Retail LLP	Neath Property Investments Limited
Stockport Retail LLP	Stockport Property Investments Limited
Worthing Retail LLP	Hull Property Investments Limited

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

9. FIXED ASSET INVESTMENTS (continued)

The group has 20% interests in the following associated companies (previously wholly owned subsidiaries until 29 July 2005). All of the companies are property investment companies and are incorporated in England and Wales.

Company Name	Ordinary £1 shares held	Investment held by
Scunthorpe Property Investments Limited	2	Ashflame Properties Limited
Port Glasgow Property Investments Limited	2	Ashflame Properties Limited
Bridgwater Property Investments Limited	2	Ashflame Properties Limited
Westday Properties Limited	2	Ashflame Properties Limited
Linwood Property Investments Limited	2	Ashflame Properties Limited
Solihull Property Investments Limited	2	Ashflame Properties Limited
Cromer Property Investments Limited	2	Ashflame Properties Limited
Croydon Property Investments Limited	2	Ashflame Properties Limited
Ashflame Scunthorpe Limited	2	Scunthorpe Property Investments Ltd
Ashflame Port Glasgow Limited	2	Port Glasgow Property Investments Ltd
Ashflame Bridgwater Limited	2	Bridgwater Property Investments Ltd
Ashflame Linwood Limited	2	Linwood Property Investments Ltd
Ashflame Solihull Limited	2	Solihull Property Investments Ltd
Ashflame Cromer Limited	2	Cromer Property Investments Ltd
Ashflame Croydon Limited	2	Croydon Property Investments Ltd

The group has 24% interests in the following associated companies (previously wholly owned subsidiaries until 29 July 2005). All of the companies are property investment companies and are incorporated in England and Wales.

Company Name	Ordinary 1p shares held	Investment held by
GDHV Property Investments Limited	200	Ashflame Properties Limited

Company Name	Ordinary £1 shares held	Investment held by
Ashflame GDHV Limited	2	GDHV Property Investments Ltd

The group's associates hold 50% interests in the following property investment Limited Liability Partnerships all of which are incorporated in England and Wales:

Partnership Name	Investment held by
Bridgwater Retail LLP	Ashflame Bridgwater Limited
GDHV Retail LLP	Ashflame GDHV Limited

The group's associates hold a 50% interest in the following property investment Limited Partnership which is incorporated in England and Wales:

Partnership Name	Investment held by
Otium Solihull LP	Ashflame Solihull Limited

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

9. FIXED ASSET INVESTMENTS (continued)

The group's shares of assets and liabilities of these joint ventures and associates are as follows:

	Fixed Assets £	Current Assets £	Current Liabilities £	Liabilities due after one year £
Edinburgh Retail LLP	10,947,421	329,048	(1,697,205)	(9,300,000)
Glenrothes Retail LLP	13,002,268	333,350	(1,678,332)	(7,905,000)
Greenock Retail Ltd	13,950,709	1,427,585	(9,670,910)	(43,141)
Islandview Properties Ltd	34,017,075	11,949,920	(825,766)	(28,250,000)
Longton Retail LLP	8,440,000	298,100	(1,928,707)	(7,050,000)
Neath Retail LLP	2,220,214	181,057	(776,249)	(1,675,000)
Richminster Properties Ltd	11,090,610	743,568	(2,841,420)	(7,533,293)
Stockport Retail LLP	3,931,313	128,334	(307,020)	(2,239,195)
Wick Property Investments Ltd	5,869,653	132,466	(2,369,298)	(5,047,000)
Worthing Retail LLP	8,540,000	321,999	(1,089,899)	(7,500,000)
	<u>112,009,263</u>	<u>15,845,427</u>	<u>(23,184,806)</u>	<u>(76,542,629)</u>
Others – associates	10,500,436	9,972,358	(15,913,129)	(1,616)
At 31 March 2008	<u>122,509,699</u>	<u>25,817,785</u>	<u>(39,097,935)</u>	<u>(76,544,245)</u>

Liabilities due after one year include bank loans with the majority repayable at dates ranging from 2 to 5 years

	Fixed Assets £	Current Assets £	Current Liabilities £	Liabilities due after one year £
Edinburgh Retail LLP	13,921,840	588,219	(3,315,626)	(11,360,000)
Glenrothes Retail LLP	15,072,261	277,583	(1,717,347)	(7,905,000)
Greenock Retail Ltd	14,482,794	1,441,370	(124,378)	(9,569,796)
Islandview Properties Ltd	33,985,024	12,052,141	(682,388)	(28,362,315)
Longton Retail LLP	8,535,504	274,975	(1,828,056)	(7,050,000)
Neath Retail LLP	2,354,406	104,069	(814,652)	(1,675,000)
Richminster Properties Ltd	14,226,294	92,493	(1,482,328)	(7,500,000)
Stockport Retail LLP	1,993,336	223,992	(694,915)	-
Wick Property Investments Ltd	7,260,552	195,609	(2,398,275)	(5,047,000)
Worthing Retail LLP	9,547,189	397,634	(1,189,617)	(7,500,000)
	<u>121,379,200</u>	<u>15,648,085</u>	<u>(14,247,582)</u>	<u>(85,969,111)</u>
Others – associates	10,534,010	10,056,339	(14,813,614)	(676,615)
At 31 March 2007	<u>131,913,210</u>	<u>25,704,424</u>	<u>(29,061,196)</u>	<u>(86,645,726)</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

9. FIXED ASSET INVESTMENTS (continued)

The group's shares of the results of these joint ventures and associates are as follows:

Year ended 31 March 2008	Turnover £	Profit/ (loss) before taxation £	Taxation £	Profit/ (loss) after taxation £
Edinburgh Retail LLP	630,255	687,460	-	687,460
Glenrothes Retail LLP	699,546	187,681	-	187,681
Greenock Retail Limited	636,017	(48,090)	14,427	(33,663)
Islandview Properties Limited	1,548,632	(291,938)	190,706	(101,232)
Longton Retail LLP	352,594	(77,460)	-	(77,460)
Neath Retail LLP	91,903	(18,801)	-	(18,801)
Richminster Properties Limited	497,102	(118,667)	35,584	(83,083)
Stockport Retail LLP	36,608	(8,979)	-	(8,979)
Wick Property Investments Limited	326,945	(28,415)	-	(28,415)
Worthing Retail LLP	482,086	24,087	-	24,087
Other – joint ventures	-	-	36,595	36,595
Others - associates	456,924	(159,608)	(11,453)	(171,061)
	<u>5,758,612</u>	<u>147,270</u>	<u>265,859</u>	<u>413,129</u>

Year ended 31 March 2007	Turnover £	Profit/ (loss) before taxation £	Taxation £	Profit/ (loss) after taxation £
Ashflame Kilmarnock Limited*	265,858	22,979	5,553	28,532
Edinburgh Retail LLP	446,875	(145,565)	-	(145,565)
Glenrothes Retail LLP	656,750	156,601	-	156,601
Greenock Retail Limited	485,771	(74,622)	2,969	(71,653)
Islandview Properties Limited	402,519	(894,645)	44,608	(850,037)
Longton Retail LLP	365,472	(67,577)	-	(67,577)
Neath Retail LLP	35,950	(31,178)	-	(31,178)
Richminster Properties Limited	693,067	131,304	(39,391)	91,913
Stockport Retail LLP	24,693	36,066	-	36,066
Wick Property Investments Limited	38,299	15,522	(4,637)	10,885
Worthing Retail LLP	319,188	(5,266)	-	(5,266)
Others - associates	420,490	1,763,431	(377,319)	1,386,112
	<u>4,154,932</u>	<u>907,050</u>	<u>(368,217)</u>	<u>538,833</u>

*Results included for 3 months until 1 August when joint venture became a subsidiary.

The profit before taxation from associates includes £1.4 million profit on disposal of freehold investment properties.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

9. FIXED ASSET INVESTMENTS (continued)

GROUP	Interest in associates £	Interest in joint ventures £	Unlisted investments £	Totals £
COST OR VALUATION				
At 1 April 2007	5,100,120	36,810,592	715,905	42,626,617
Result for the year	(171,061)	547,593	-	376,532
Dividends	(15,000)	(150,000)	-	(165,000)
Additions	-	-	928,291	928,291
Revaluation	(356,010)	(9,080,930)	-	(9,436,940)
At 31 March 2008	4,558,049	28,127,255	1,644,196	34,329,500
NET BOOK VALUE				
At 31 March 2008	4,558,049	28,127,255	1,644,196	34,329,500
At 31 March 2007	5,100,120	36,810,592	715,905	42,626,617

Additions of £928,291 to unlisted investments represent a 23.6% holding of the ordinary share capital of Newater Investments Limited. Newater Investments Limited reported a loss after taxation of £112,637 for the year ended 30 September 2007 and net assets of £6,677,051 at that date.

COMPANY	Shares in group undertakings £	Interest in joint ventures & associates £	Interest in Limited Liability Partnerships £	Totals £
COST OR VALUATION				
At 1 April 2007	6,579,494	121	5,727,497	12,307,112
Share of profit in LLP	-	-	187,681	187,681
Additions	1,394	-	-	1,394
Revaluation	-	-	(2,162,892)	(2,162,892)
At 31 March 2008	6,580,888	121	3,752,286	10,333,295
NET BOOK VALUE				
At 31 March 2008	6,580,888	121	3,752,286	10,333,295
At 31 March 2007	6,579,494	121	5,727,497	12,307,112

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

10. GOODWILL

Negative goodwill:

At 1 April 2007	499,515
Released on reduction in revaluation	(499,515)
At 31 March 2008	-

Negative goodwill arose on the acquisition of Ashflame Kilmarnock Limited with its subsidiary and relates primarily to the property in this sub group. The carrying value of the property has now been reduced on revaluation and the related negative goodwill has consequently been released.

11. DEBTORS

	Group		Company	
	31.3.08	31.3.07	31.3.08	31.3.07
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	176,626	226,946	14,548	14,300
Amounts owed by group undertakings	-	-	10,107,448	7,464,878
Amounts owed by related undertakings	5,980,539	14,175,882	5,980,539	14,175,882
Other debtors	514,718	612,956	18,483	94,090
Deferred tax asset	307,544	318,834	15,099	312,281
VAT recoverable	-	987,627	-	-
	<u>6,979,427</u>	<u>16,322,245</u>	<u>16,136,117</u>	<u>22,061,431</u>

	Group		Company	
	31.3.08	31.3.07	31.3.08	31.3.07
	£	£	£	£
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	11,828,982	10,413,329
Amounts owed by joint ventures	10,772,956	12,148,378	6,405,729	5,036,775
	<u>10,772,956</u>	<u>12,148,378</u>	<u>18,234,711</u>	<u>15,450,104</u>

Repayment of amounts owed by group undertakings and joint ventures part financed by longer term bank loans are subordinated to repayment of these loans and therefore shown as due in more than one year.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

11. DEBTORS (continued)

	Group		Company	
	31.3.08	31.3.07	31.3.08	31.3.07
	£	£	£	£
Analysis of deferred tax asset				
Accelerated capital allowances	(139,300)	(81,168)	(56,115)	(51,365)
Short term timing differences	(56,421)	-	-	-
Losses	503,265	400,002	71,214	363,646
	<u>307,544</u>	<u>318,834</u>	<u>15,099</u>	<u>312,281</u>
At 1 April 2007	318,834		312,281	
Charge to profit and loss account	(11,290)		(297,182)	
	<u>307,544</u>		<u>15,099</u>	

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.08	31.3.07	31.3.08	31.3.07
	£	£	£	£
Bank loans and overdrafts	13,957,500	5,600,000	132,046	-
Trade creditors	128,197	9,886,405	25,231	-
Amounts owed to group undertakings	-	-	3,512,678	7,721,340
Amounts owed to joint ventures	12,403,005	12,374,601	10,064,007	9,999,014
Other creditors	69	406,771	288,591	371,718
Corporation tax	-	787	-	-
VAT payable	39,731	-	907	4,881
Accruals and deferred income	1,914,183	1,639,826	-	-
	<u>28,442,685</u>	<u>29,908,390</u>	<u>14,023,460</u>	<u>18,096,953</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.3.08	31.3.07	31.3.08	31.3.07
	£	£	£	£
Bank loans	<u>44,753,500</u>	<u>41,959,000</u>	<u>-</u>	<u>-</u>

An analysis of the maturity of the loan repayable in more than one year by instalments is given below:

	Group		Company	
	31.3.08	31.3.07	31.3.07	31.3.06
	£	£	£	£
Amounts falling due between 1 – 2 years	470,000	357,500	-	-
Amounts falling due between 2 and 5 years	19,074,500	8,142,500	-	-
Amounts falling due after more than 5 years	<u>25,209,000</u>	<u>33,459,000</u>	<u>-</u>	<u>-</u>
	<u>44,753,500</u>	<u>41,959,000</u>	<u>-</u>	<u>-</u>

Bank loans are on normal commercial terms and are secured by way of fixed and floating charges over the assets of subsidiary companies. Associated interest is payable on normal commercial terms and is calculated on a mixture of fixed and variable rates ranging from 5.28% to 6.4% and from 1% to 1.22% over LIBOR respectively. £4.2 million of the loans due in more than 5 years are redeemable in full on the redemption date. The remainder is repayable by quarterly instalments.

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.08	31.3.07
			£	£
200,000	Ordinary	£1	<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.08	31.3.07
			£	£
16,250	Ordinary	£1	<u>16,250</u>	<u>16,250</u>

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

15. RESERVES

GROUP	Profit and loss account £	Revaluation reserve £
At 1 April 2007	29,347,683	44,654,742
Retained loss for the year	(413,988)	-
Revaluation	-	(8,894,597)
Share of revaluation in associates	-	(356,010)
Share of revaluation in joint ventures	-	(8,581,415)
At 31 March 2008	<u>28,933,695</u>	<u>26,822,720</u>

£5,319,283 of the revaluation of £8,894,597 relates to decreases in the value of investment properties previously revalued and the increases taken to the revaluation reserve. The remaining £3,575,314 relates to temporary diminutions in value. £1,227,000 of the reserve relates to an unrealised share of the profits from LLP's. These reserves have restrictions on distribution before external finance has been repaid.

COMPANY	Profit and loss account £	Revaluation reserve £
At 1 April 2007	27,703,951	5,276,034
Retained profit for the year	1,104,576	-
Share of revaluation made in LLP in year	-	(2,162,892)
At 31 March 2008	<u>28,808,527</u>	<u>3,113,142</u>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,104,576 (2007: £5,928,796).

£639,144 of the reserve relates to an unrealised share of the profits from an interest in an LLP.

16. RELATED PARTY DISCLOSURES

GROUP COMPANIES

The company has taken advantage of the exemption in FRS8 not to disclose transactions with other group companies, whose transactions are included within a consolidated group.

RELATED COMPANIES

COUNTYWIDE DEVELOPMENTS LIMITED

During the year the company lent funds to Countywide Developments Limited, a company controlled by Mr A C Gallagher. The balance at 31 March 2008 was £5,980,539 (2007: £14,167,979). Interest is payable on the loan at 1% over bank base rate.

GDHV PROJECTS LIMITED

During the year the company lent funds to GDHV Projects Limited, a subsidiary of Gallagher UK limited, a company controlled by Mr A C Gallagher. The balance at 31 March 2008 was £nil (2007: £10,000). This loan is interest free.

ASHFLAME PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 March 2008

16. RELATED PARTY DISCLOSURES (continued)

JOINT VENTURES

Interest bearing loans have been advanced to/received from certain joint venture companies during the year. Ashflame Properties Limited owed Greenock Retail Limited £1,102,278 (2007: £852,278) including interest for the year of £79,277 (2007: £79,679) and Islandview Properties Limited £8,961,727 at 31 March 2008 (2007: £9,146,727) including interest for the year of £nil (2007: £73,828). Richminster Properties Limited owed £2,595,391 at 31 March 2008 (2007: £1,154,369) including interest for the year of £124,272 (2007: £61,316). Wick Property Investments Limited owed £2,272,932 (2007: £2,295,000). No interest is charged on this loan.

TRANSACTIONS WITH DIRECTORS

Mr G H Gosling a director of the company is a principal in a firm providing and obtaining consulting services for the company. Amounts totalling £7,500 (2007: £185,000) were charged by this practice on an arm's length basis and were settled during the year.

17. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	31.3.08	31.3.07
	£	£
(Loss)/profit for the financial year	(413,988)	4,266,728
Revaluation	<u>(17,832,022)</u>	<u>11,964,991</u>
Net (reduction)/addition to shareholders' funds	(18,246,010)	16,231,719
Opening shareholders' funds	<u>74,018,675</u>	<u>57,786,956</u>
Closing shareholders' funds	<u>55,772,665</u>	<u>74,018,675</u>
 Equity interests	 <u>55,772,665</u>	 <u>74,018,675</u>

18. CONTROLLING PARTY

The controlling party of the company is Mr A C Gallagher by virtue of his ownership of all of the issued share capital of the company.